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Attorney General Biden, Legislators Applaud House Passage of Foreclosure Legislation

Dover – Attorney General Beau Biden today joined legislators in applauding the passage in the House of Representatives of two bills his office drafted that respond to the record number of foreclosures in Delaware.

“Too many borrowers facing foreclosure are unable to even have a meaningful discussion with their lender about their predicament,” Attorney General Biden stated. “This legislation now guarantees those conversations will occur. I want to thank lawmakers from both parties who came together to sponsor and support this critical legislation.”

Rep. Helene M. Keeley, D-Wilmington South, said that several of her constituents are facing foreclosure and in serious need of the lifeline that these bills would provide.

“It’s a known fact that in other states and communities where this process is in place, it’s a win-win for the banks, borrowers and the communities,” Rep. Keeley said. “When you have fewer foreclosures and short sales, it will help stabilize the housing market, which means fewer vacant homes in communities. It is the right thing to do so people can keep a roof over their heads, and it helps the economy by keeping that family in their home and paying their mortgage rather than having a bank foreclose on it.”

Rep. John A. Kowalko, who has helped to double the period a homeowner facing foreclosure can enter the state’s mediation program, said the bills represent an important step forward.

“Ultimately, the responsibility to help and safeguard the homeowners and families of Delaware lies with us as elected leaders,” said Rep. Kowalko, D-Newark. “It is our task to craft legislation that will protect those people while at the same time offering practical solutions to enable a rapid economic recovery with minimal intrusion upon the banks and mortgage holders. These pieces of legislation accomplish exactly that.”

The two bills, which were passed unanimously by the House of Representative today, respond to the foreclosure crisis and protect homeowners in several key ways:

- House Substitute 1 for House Bill 58, introduced by Rep. Helene Keeley, creates an automatic foreclosure mediation program for homeowners, replacing Delaware's current optional mediation program. When a bank files a foreclosure against a homeowner the bill requires that the lender and borrower sit down one-on-one and have a meaningful conversation about a payment plan or other options before a foreclosure can go forward and it extends the time a homeowner has to respond to a foreclosure complaint. Under HB 58, the foreclosure process is put on hold when a mediation conference is scheduled, and a lender cannot seek a foreclosure judgment from the court until after the mediation conference takes place.
- House Substitute 1 for House Bill 57, introduced by Rep. John Kowalko, requires lenders to give borrowers notice of foreclosure, including available assistance, and require an affidavit from lenders to insure that loss mitigation was considered before obtaining a foreclosure judgment to ensure that borrowers have the opportunity to be considered for government and lender modification programs.

Recent years have seen a record pace of foreclosures in Delaware, with more than 22,000 foreclosure filings since 2007. The state is expected to see another record year in 2011, surpassing the 2010 mark of 6,400 filings.

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